

SENATE BILL REPORT

SHB 2778

As Reported By Senate Committee On:
Financial Institutions & Housing, February 20, 1996
Ways & Means, March 7, 1996

Title: An act relating to sales and use tax exemptions for farmworker housing.

Brief Description: Providing sales and use tax exemptions for agricultural employee housing.

Sponsors: House Committee on Agriculture & Ecology (originally sponsored by Representatives Mastin, Chappell, Chandler, Honeyford, Foreman, Mulliken, Lisk, Clements, Sheldon and Thompson; by request of Department of Health and Department of Agriculture).

Brief History:

Committee Activity: Financial Institutions & Housing: 2/20/96 [DP-WM].
Ways & Means: 2/23/96, 3/7/96 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & HOUSING

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Prentice, Chair; Fraser, Vice Chair; Hale, Roach, Sellar, Smith and Sutherland.

Staff: David Cheal (786-7576)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Cantu, Drew, Finkbeiner, Fraser, Hargrove, Hochstatter, Johnson, Kohl, Long, McDonald, Moyer, Quigley, Roach, Sheldon, Snyder, Spanel, Strannigan, Sutherland, West, Winsley and Wojahn.

Staff: Terry Wilson (786-7433)

Background: This state faces a serious shortage of housing for farmworkers and their families. The magnitude of the shortage is so large that it seems unlikely that either the public or private sector can meet the need by itself.

Sales and use taxes are applicable to both the material and labor that goes into any housing construction, repair, or remodel.

Summary of Bill: Charges made for labor and material used to construct, repair, decorate, or improve new or existing buildings or other structures used as agricultural employee housing are made exempt from sales and use tax.

"Agricultural employee" is defined as any person who renders personal services to, or under the direction of, an agricultural employer in connection with the employer's agricultural activity.

To qualify for the exemption, the housing must be used for agricultural employees for a minimum of five years.

If the housing is to be used year round, it must be built in conformance with the Uniform Building Code to qualify for the exemption.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For (Financial Institutions & Housing): This incentive is needed to encourage production of desperately needed farmworker housing. This is a vital companion to the work that was done last year of creating a more flexible and friendly regulatory environment. There is little if any lost revenue because no farmworker housing is being built now.

Testimony Against (Financial Institutions & Housing): None.

Testified (Financial Institutions & Housing): Enid Layes, WA State Horticultural Assn.; Chris Cheney, WA Growers League.

Testimony For (Ways & Means): There is a need to increase the stock of housing. This is a small incentive. There is no housing now. We need 50,000 to 100,000 beds. The fiscal impact is small.

Testimony Against (Ways & Means): None.

Testified (Ways & Means): Chris Cheney, WA Growers League, HOP Growers of WA (pro); Majken Ryherd Ken, WA Low-Income Housing Congress (pro); Bruce Niyahara, Department of Health (pro).